

DIVIDEND DISTRIBUTION POLICY OF ASHIANA HOUSING LIMITED

The Board of Directors (the “Board”) of Ashiana Housing Limited (the “Company”) has adopted this Dividend Distribution Policy (the “Policy”) of the Company as required in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”) in its meeting held on 27th May, 2022.

1. EFFECTIVE DATE:

The Policy shall become effective from the date of its adoption by the Board of Directors of the Company.

2. PURPOSE, OBJECTIVES AND SCOPE:

The Securities and Exchange Board of India (“SEBI”) amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 i.e. listing regulations, by inserting Regulation 43A in order to make it mandatory to have a Dividend Distribution Policy (Dividend Policy) by the top 500 listed companies based on their market capitalization calculated as on the 31st day of March of every year. This requirement now has been changed to top 1000 listed companies. Considering the provisions of the aforesaid regulation, the Board of Directors (the “Board”) of the Company recognizes the need to lay down a broad framework for considering decisions by the Board of the Company, with regard to distribution of dividend to its shareholders and/ or retaining or plough back of its profits. Our company being one of the top 1000 listed companies based on market capitalization as on 31st March 2021, frames dividend policy to comply with the requirements of the listing regulations. The policy also sets out the circumstances and different factors for consideration by the Board at the time of taking decisions of distribution or of retention of profits, in the interest of providing transparency to the shareholders. The Policy is not an alternative to the decision of the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided as relevant by the Board of Directors.

The Policy shall not apply to:

- a) Determination and declaring dividend on preference shares as the same will be as per the terms of issue approved by the shareholders;
- b) Distribution of dividend in kind, i.e. by issue of fully or partly paid bonus shares or other securities, subject to applicable law;
- c) Distribution of cash as an alternative to payment of dividend by way of buyback of equity shares.

3. GENERAL POLICY OF THE COMPANY AS REGARDS DIVIDEND:

The general considerations of the Company for taking decisions about dividend pay out or retention of profits shall be as follows:

1. Subject to the considerations as provided in the Policy, the Board shall determine the dividend payout in a particular year after taking into consideration the operating and financial performance of the Company, advice of the Audit Committee, Executive Directors of the Company, and other relevant factors.
2. The Board may also, where appropriate, aim at distributing dividends in kind, subject to applicable law, in form of fully or partly paid shares or other securities.
3. Dividend amount should be equivalent to 1% to 2% of the net worth of the Company.

4. RELEVANT KEY PARAMETERS FOR DIVIDEND DECISION

The Board shall consider the following parameters, while taking decisions of a dividend payout during a particular year:

a) Statutory requirements:

The Company shall observe the relevant statutory requirements including those with respect to mandatory transfer of a certain portion of profits to reserves such as General Reserve, Capital Redemption Reserve, Debenture Redemption Reserve (if there is any), etc. as provided in the Companies Act, 2013, which may be applicable to the Company at the time of taking decision with regard to dividend declaration or retention of profits.

b) Agreements with lending/ financial institutions:

Due regard to covenants of loan agreements with lending institutions, covenants of Debenture Trust Deed, covenants of investment agreement (if there is any). The decision of dividend pay-out shall also be affected by the restrictions and covenants contained in the agreements as may be entered into with the lenders of the Company from time to time.

c) Proposed capital expenditures:

In addition to plough back of earnings on account of depreciation, the Board may also take into consideration the need for replacement of capital assets, expansion and modernization or augmentation of capital stock, including any major capital expenditure proposals.

d) Expectations of shareholders:

The Board, while considering the decision of dividend pay-out or retention of a certain amount or entire profits of the Company, shall also consider the expectations of shareholders of the Company who generally expects for a regular dividend payout.

5. FACTORS THAT MAY AFFECT DIVIDEND PAYOUT:

External Factors:

- i. Business cycles,

- ii. Economic environment,
- iii. Cost of external financing,
- iv. Applicable taxes including tax on dividend,
- v. Industry outlook for the future years,
- vi. Inflation rate, and
- vii. Changes in the Government policies, industry specific rulings & regulatory provisions.

Internal Factors:

- i. Profitable growth of the Company and specifically, profits earned during the financial year as compared with previous years, and internal budgets;
- ii. Cash flow position of the Company;
- iii. Accumulated reserves;
- iv. Earnings stability;
- v. Future cash requirements for organic growth/expansion and/or for inorganic growth,
- vi. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,
- vii. Deployment of funds in short term market investments, long term investments,
- viii. Capital expenditure(s), and
- ix. The ratio of debt to equity.

Apart from the above, the Board of Directors may also consider past dividend history and sense of shareholders' expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances.

6. CIRCUMSTANCES UNDER WHICH DIVIDEND PAYOUT MAY OR MAY NOT BE EXPECTED:

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analyzing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment. In such event, the Board will strive to provide rationale in the Annual Report.

7. MANNER OF UTILISATION OF RETAINED EARNINGS:

The Board of Directors may retain its earnings in order to make better use of the available funds and increase value of stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Market expansion plan;
- Product expansion plan;
- Diversification of business;
- Long term strategic plan;
- Cost of debt;

Other such criteria as the Board may deem fit from time to time.

8. MANNER OF DIVIDEND PAYOUT:

While giving effect to the decision of the shareholders to pay dividend due consideration shall be given to the provisions of the Companies Act, 2013 read with relevant rules, and provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

9. AMENDMENT:

To the extent any modification/amendment, if required, the Board of Directors of the Company are authorised to review and amend this Policy, to such extent as may be required.

This policy may be reviewed periodically by the Board. Any changes or revisions to the policy will be communicated to shareholders in a timely manner.

The policy will be available on the Company's website and the link to the policy is: <https://www.ashianahousing.com/real-estate-investors/corporate-governance#2>

The policy will also be disclosed in the Company's annual report.